

USHC-10 The student will demonstrate an understanding of developments in foreign policy and economics that have taken place in the US since the fall of the Soviet Union and its satellite states in 1992.

USHC-10.2 Summarize key economic issues in the United States since the fall of communist states, including recession, the national debt and deficits, legislation affecting organized labor and labor unions, immigration, and increases in economic disparity. (E, H, P)

Taxonomy Level: 2B Understand/Conceptual Knowledge

Previous/future knowledge:

In 7th grade, students explained the impact of increasing global economic interdependence in the late 20th century and the early twenty-first century, including the significance of global communication, labor demands, and migration; the European Economic Community (EEC) and other trade agreements; and the oil crisis of the 1970s (7-7.6).

In 8th grade, students explained the economic impact of twentieth century events on South Carolina (8 7.5).

In Global Studies, students summarized the impact of economic and political interdependence on the world, including efforts to control population growth, economic imbalance and social inequality and efforts to address them, the significance of the world economy for different nations, and the influence of terrorist movements on politics in various countries (GS-6.4).

It is essential for the students to know:

In the 1980s, yearly **budget deficits** contributed to an accumulating **national debt**. Thus, budget deficits and **recession** were campaign issues in the early 1990s. The Clinton administration passed a deficit reduction plan that included a tax increase, spending cuts and the establishment of the earned income tax credit. Welfare reform legislation reversed decades of policy dating back to the New Deal, however, health care reform did not pass. President Clinton and the Republican Congress fought over how to both balance the budget and stimulate the economy. The Federal Reserve kept inflation in check and stimulated the economy by managing interest rates. Resulting economic growth brought low unemployment; but, the gap between rich and poor called income polarization, continued to widen. The national debt lessened as the world experienced the end of the Cold War and the ‘peace dividend.’ During the George W. Bush administration, tax cuts for the wealthy designed to stimulate the economy further increased **economic disparity**. When the United States became involved in wars in Afghanistan and Iraq in the post 9/11 era, defense spending climbed and the United States again experienced deficit spending and escalating debt.

The 1990s also saw economic changes that challenged the economic leadership of the United States in the world. The European Common Market developed into the European Union to provide political cooperation as well as promote trade and the development of the European economy. A majority of members of the EU adopted a common currency. In the Western Hemisphere, the North American Free Trade Agreement (NAFTA) attempted to increase trade by eliminating trade barriers and this policy created political controversy about its economic impact. The 1994 GATT (General Agreement of Tariffs and Trades) lowered tariffs around the world. United States industries experienced greater competition. Although some jobs were created as a result of NAFTA, others were lost. Outsourcing resulted in economic hardship for some American workers. Mechanization and globalization caused a loss of manufacturing jobs in the United States and a shift to jobs in service industries. Added to this problem was the influx of **immigrants** who were willing to work at menial jobs for low wages and the resulting controversy over immigration policies impacted politics. With a loss of manufacturing jobs, **labor**

unions experienced a further decline in membership and influence as their workers faced competition from overseas, new immigrants, and further mechanization of the manufacturing process.

Demographic changes in the United States significantly affected the economy. The movement of industries and then retirees from the “rustbelt” to the “sunbelt” saw a big population shift that impacted the influence of **labor unions** as well as national politics. Medical advances prolonged productivity and life for many Americans but also added to the burden of Social Security. There was a growing need for services such as day care for children and care for the elderly. Young people began moving back to the cities, resulting in gentrification and revitalization of the inner cities and the trend of the rebuilding of waterfronts and downtown areas.

This time period saw tremendous growth in the use of computers, the internet, e-bay, e-mail, pagers, computer games, and cell phones by a large portion of the population. This brought changes to society, privacy laws, and communication networks in the United States and around the world. The rapid rise and fall of the ‘dot coms’ and other computer industries caused a stock market adjustment in the late 1990s. The worldwide web and satellite communication promoted the outsourcing of service jobs to places such as India.

It is not essential for the students to know:

It is not essential for students to know details about the rabid partisanship of the 1990s, including the Whitewater investigations and the Clinton impeachment and trial; political conflicts over the health reform and the budget, nor the controversy over the 2000 election. Students do not need to know about the Republican’s Contract with America, nor the details of the welfare reform act. Students do not need to know about the advances in environmental protection during the 1990s and their reverses in the new century.

Assessment guidelines:

Appropriate assessments will require students to **summarize** the key economic issues in the United States in the 1990s and the early 21st century. They should be able to **explain** the impact of economic policy of both the Federal Reserve and the Clinton administration on economic growth. They should be able to **compare** the economic and tax policies of the Clinton and Bush administrations. They should be able to **classify** economic issues related to trade, technology or immigration and **identify examples** of economic changes that took place in the 1990s and early 21st century as opposed to other time periods in American history. Students should be able to **interpret** primary sources such as political cartoons and economic graphs and maps related to economy and politics of the 1990s.